

## Message Text

CONFIDENTIAL

PAGE 01 ATHENS 01809 061237Z

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TO SECSTATE WASHDC 7764

C O N F I D E N T I A L ATHENS 1809

EXDIS

E.O. 11652: GDS

TAGS: EFIN, GR

SUBJECT: MEMORANDUM TO ANSWERS ON GREEK ECONOMY SUPPLIED BY  
COORDINATION MINISTER

REF: (A) STATE 018393; (B) ATHENS 1808; (C) BOUTON  
DAY LETTER 3/6/75, REGISTRY NO.2363386.

THERE FOLLOWS TEXT OF THE SEPARATE, SENSITIVE MEMORANDUM WHICH  
COORDINATION MINISTER PAPALIGOURAS DELIVERED TO AMBASSADOR AT  
WORKING LUNCH ON MARCH 5. MEMORANDUM ALSO CONTAINS UPDATED  
DATA CORRECTING FEW ITEMS CONTAINED IN GOG REPLIES TO DEPARTMENT'S  
QUESTIONS LISTED REF A. PAPALIGOURAS NOTED THAT WHEREAS INFOR-  
MATION IN REF B WAS GIVEN TO IMF REPS IN GREECE RECENTLY, DATA IN  
MEMORANDUM WERE NOT MADE AVAILABLE AT TIME OF THEIR VISIT. FOR  
THIS REASON, COORDINATION MINISTER REQUESTS INFORMATION  
CONTAINED IN MEMORANDUM BE HELD CLOSELY.

BEGIN TEXT

### MEMORANDUM

1. THE ANSWERS TO THE QUESTIONNAIRE CONCERNING THE GREEK  
ECONOMY ARE ATTACHED HERETO. IT SHOULD BE NOTED THAT  
PROJECTIONS FOR THE YEARS 1967 AND 1977 ARE NOT AT PRESENT  
AVAILABLE. THE MINISTRY OF COORDINATION AND PLANNING AND  
THE BANK OF GREECE ARE PRESENTLY WORKING ON MEDIUM-TERM  
PROSPECTS AND POLICIES. BUT IT WILL TAKE SOME TIME TO  
REACH EVEN PROVISIONAL PROJECTIONS, ESPECIALLY UNDER THE  
CONDITONS OF ECONOMIC UNCERTAINTY PREVAILING WORLDWIDE.

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PAGE 02 ATHENS 01809 061237Z

2. AS REGARDS THE FIGURES SHOWN IN TABLE 4, IT SHOULD BE NOTED THAT THE RESPONSIBLE GOVERNMENT SERVICES, WHICH HAVE COMPLIED THESE FIGURES, ARE UNDERESTIMATING PAYMENTS FOR IMPORTS IN 1975 BY AT LEAST \$150 MILLION, OWING TO THEIR INCOMPLETE KNOWLEDGE CONCERNING PAYMENTS FOR MILITARY EQUIPMENT. THEREFORE, THE DEFICIT ON CURRENT ACCOUNT FOR 1975 STANDS AT \$1,400 MILLION, AS ESTIMATED IN THE MEMORANDUM DATED JANUARY 4, 1975. IT SHOULD ALSO BE NOTED THAT, IN THE LIGHT OF MORE RECENT INFORMATION SHOWING A FURTHER DETERIORATION OF THE RECESSION ABROAD, THE ESTIMATES FOR EXPORTS AND INVISIBLE EARNINGS GIVEN IN TABLE 4, ON WHICH THE FIGURES IN THE MEMORANDUM WERE BASED, ARE CONSIDERED TO BE RATHER ON THE OPTIMISTIC SIDE. NEVERTHELESS, DESPITE THE GREAT UNCERTAINTIES INVOLVED, THE GREEK GOVERNMENT STILL BASES ITS POLICIES ON AN ESTIMATED CURRENT ACCOUNT DEFICIT OF THE ORDER OF \$1,400 MILLION FOR 1975.

3. THE FIGURE FOR ACCOMMODATION FINANCING IN 1975 IS REVISED DOWNWARDS FROM \$1,000 MILLION GIVEN IN THE MEMORANDUM TO \$300 MILLION. THIS REVISION IS BASED ON MORE RECENT INFORMATION AS REGARDS NORMAL NET CAPITAL INFLOW WHICH IS NOW ESTIMATED TO BE OF THE ORDER OF \$600 MILLION FOR 1975. FOR THE REASON ALREADY MENTIONED IN PARA. 2, THE FIGURE FOR ACCOMMODATION FINANCE IN TABLE 4 SHOULD BE INCREASED BY AN AMOUNT OF \$150 MILLION, REPRESENTING ADDITIONAL PAYMENTS FOR MILITARY EQUIPMENT.

4. A LIST OF OUTSTANDING OBLIGATIONS TO THE U.S.A. FROM THE PROCUREMENT OF MILITARY EQUIPMENT AND SIMILAR SERVICES WILL BE SUBMITTED. IT SHOULD BE NOTED THAT A PART OF THESE OBLIGATIONS IS NOT INCLUDED IN THE FIGURES FOR THE FOREIGN DEBT OF GREECE GIVEN IN THE ANSWERS TO THE QUESTIONNAIRE.

THE LIST OF THESE OBLIGATIONS, TOGETHER WITH THE SUGGESTIONS MADE IN THE MEMORANDUM OF JANUARY 4, COULD BE USEFUL IN DISCUSSIONS, WITH A VIEW TO FINDING WAYS AND MEANS BY WHICH THE U.S. GOVERNMENT COULD ASSIST GREECE TO OVERCOME THE BALANCE OF PAYMENT DIFFICULTIES IN THE YEARS 1975 AND 1976.

ATHENS, MARCH 5, 1975

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PAGE 03 ATHENS 01809 061237Z

END TEXT.

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## Message Attributes

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